

# Soron case

[Business](#), [Company](#)



In this case, it is estimated that there are 9 million residential pools in the U. S. The average length of pool usage is 5 months, from May to September, with less people swimming in cold weather from October to April. The majority of chemicals are used during these warm months, but only 25% of these people use chemicals and clarifiers regularly. That being said there are only around 2, 250, 000 pools that use clarifiers regularly ( $9,000,000 \times .25$ ). From this number, it can be concluded that the maximum reasonable marketing revenue for residential pools is roughly \$52, 309, 152 ( $39.06 \times 2,250,000 \times .25 \times 14.8/25$ ) based on the manufacturer price of Coracle. Coracle's main competitors, Keystone Chemical, Jackson Laboratories, and Kymera each possess 15%-20% of the market share, leaving 40%-55% of the market share to Coracle and other smaller competitors. If you factor in Coracle's three main competitors along with the many other smaller-scale suppliers, it can be suggested that roughly 15% of the market share is what Coracle needs to address. It can then be concluded that the addressable market size for Coracle is around \$7, 846, 373 ( $.15 \times 52,309,152$ ). I would conclude from the above analysis that the first year goal of \$1. million in sales is reasonable for Coracle. If you divide the addressable market size of \$7, 846, 373 by 5 (5 months of average pool usage), it comes to around \$1. 57 million, only slightly higher than the target \$1. 5 million. One of the reasons Soren Chemical is struggling to sell Coracle is because it is new to developing a brand and relatively inexperienced with marketing to wholesalers, retailers, pool services and consumers. This inexperience has led to miscommunication in its marketing channels, causing only 30% of

consumers who inquired about Coracle to actually receive the information regarding the product.

Also 70% of consumers stated that Coracle was not even offered by their distributors. These issues clearly point to the fact that Soren Chemical's inexperience is affecting sales and preventing it from communicating the benefits of Coracle to the consumer. Also the distribution channel structure Soren has to go through might also have a negative effect on sales. The distributor and retailer demand a 30% and 15% gross margin, increasing Soren's price from \$14.88 per unit to \$25 per unit. Consumers find this inconvenient and expensive.

In order to determine the highest price Soren can set for Coracle along with how Coracle can be priced relative to consumers, the actual worth to end-users must be considered. One way to estimate the worth to end-users would be to calculate the annual EVC of Coracle. This can be done by using the annual cost of a substitute as the reference value and adding it to the differentiation value of the two products. One substitute, ClearBlu, has an annual cost of \$56.25, the reference value. Coracle reduces the need for chlorine, treatments, and enzymes, and for pool owners and reduces their annual chemical cost by 20%-30%, for an average of 25%.

ClearBlu reduces the annual cost of chemicals for pool owners by 15%, making the increase in savings by using Coracle 10%. The annual chemical cost excluding clarifiers is \$300. Thus the annual EVC of Coracle is  $\$56.25 + 0.1 \times \$300 = \$86.25$ . Coracle should initially adopt a push strategy because it is a new brand and possesses low brand loyalty and awareness. A push strategy would create awareness among consumers and expose the product to them.

<https://assignbuster.com/soron-case/>

A push strategy would also encourage distributors to stock their shelves with the product.

According to the study, only 25% of consumers use clarifiers regularly and understand their benefits. This displays a low involvement in the purchasing decision of consumers and further proves that push strategy would be more beneficial for Coracle. Conversely, Coracle could also adopt a pull strategy and focus more time and money on communicating the value of the product to the consumer. This would be done through advertisements and raising brand awareness. However, such an expenditure would be costly and time consuming, making a push strategy appear to be more efficient.